

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR AN INCREASE IN NATURAL GAS) PSC DOCKET NO. 17-0978
BASE RATES (FILED AUGUST 17,2017))

ORDER NO. 9194

AND NOW, this 13th day of March, 2018;

WHEREAS, on August 17, 2017, Delmarva Power & Light Company ("Delmarva" or the "Company") filed with the Delaware Public Service Commission (the "Commission") an application (the "Application") seeking approval of: (a) an increase in its natural gas base rates; (b) approval of a return on equity of 10.10%; and (c) a waiver of Sections 2.2.1, 5.3.8 and 5.3.14 of the Minimum Filing Requirements because the information was already provided or was not relevant to the Application; and

WHEREAS, in its Application, Delmarva sought approval of an increase in annual operating revenues of \$12,866,033, or 8.8% over total revenues; and

WHEREAS, on February 9, 2018, pursuant to Order No. 9166 dated January 16, 2018, Delmarva made a supplemental filing related to the 2017 Tax Cuts and Jobs Act which reduced the requested revenue increase to approximately \$3,940,430; and

WHEREAS, pursuant to its authority under 26 Del. C. § 306(a)(1), the Commission reviewed the Application and determined in PSC Order No. 9109 (August 22, 2017) that the proposed rate and tariff changes should be suspended pending full and complete evidentiary hearings into their justness and reasonableness; and

WHEREAS, by PSC Order No. 9109, the Commission also granted the Company's request, pursuant to 26 Del. C. § 306(c), to implement interim rates intended to produce an annual increase in intrastate operating revenues of \$2.5 million on November 1, 2017, with proration and subject to refund, in the event the Commission finds that Delmarva is entitled to a rate increase of less than the proposed rate increase; and

WHEREAS, as of March 17, 2018, seven months will have elapsed from the date of the filing of the Company's Application for a rate increase; and

WHEREAS, on February 26, 2018, Delmarva submitted a Petition with proposed tariff sheets (the "Petition") seeking to implement under bond an additional interim rate increase of \$1,440,430,¹ as permitted by 26 Del. C. § 306(b); and

WHEREAS, the Company did not file the bond with the Petition, as required by 26 Del. C. § 306, but stated that it will file under separate cover a rate refund bond upon Commission approval of rates or in such manner the Commission may require; and

WHEREAS, Commission Staff reviewed the Petition and recommends that the Commission approve the Company's request; and

WHEREAS, it appears that the proposed rates set forth in the Petition will result in total additional revenue to Delmarva of less than or equal to 15% of its annual gross intrastate operating

¹The requested \$1,440,430 is in addition to the \$2,500,000 put into effect on November 1, 2017 in accordance with PSC Order No.9109, which would bring the total interim rates to \$3,940,430.

PSC Docket No. 17-0978, Order No. 9194 Cont'd

revenues, thus not exceeding the 15% ceiling set forth in 26 *Del. C.* § 306(b); and

WHEREAS, the Commission having reviewed the Petition to implement an interim rate increase under refund bond without surety and the supporting information demonstrating that the proposed increase is within the limits established by 26 *Del. C.* § 306(b) and otherwise complies therewith for the collection of rates under bond;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That the Commission finds, pursuant to 26 *Del. C.* § 306(b), that Delmarva Power & Light Company has the statutory right, after the expiration of seven months from the filing of its rate increase Application (or on March 17, 2018), to place into effect an interim rate increase, subject to refund, provided that said rates will not produce an increase in excess of 15% of the Company's annual gross intrastate operating revenues.

2. That the proposed temporary rates set forth in the tariff sheets filed by Delmarva Power & Light Company in its Petition are reasonably designed to produce, on an annual basis, equal to or less than 15% of the gross annual intrastate operating revenues of Delmarva Power & Light Company and may therefore be placed into effect on March 17, 2018, under 26 *Del. C.* § 306(b), with proration for usage on and after March 17, 2018, subject to refund with interest.

3. That, within ten days of the entry date of this Order, Delmarva Power & Light Company shall submit to the Commission a rate

PSC Docket No. 17-0978, Order No. 9194 Cont'd

refunding bond, without surety, in the amount of **ONE MILLION FOUR HUNDRED FORTY THOUSAND FOUR HUNDRED THIRTY DOLLARS (\$1,440,430)**. Such rate refunding bond shall further guarantee repayment of the increased interim rates to be collected on and after March 17, 2018 pursuant to 26 Del. C. § 306(b) should the Commission, after notice and hearing, approve less than the rate increase requested by Delmarva Power & Light Company in its Petition. The Commission reserves the right to subsequently increase the principal amount of the rate refunding bond, or require surety on any such amount, should the circumstances warrant.

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary and proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

PSC Docket No. 17-0978, Order No. 9194 Cont'd

ATTEST:

Secretary